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REFERENCE TITLE: **standard tax deduction; inflation index**

State of Arizona  
Senate  
Forty-sixth Legislature  
Second Regular Session  
2004

# **SB 1073**

Introduced by  
Senator Martin

**AN ACT**

**AMENDING SECTION 43-1041, ARIZONA REVISED STATUTES; RELATING TO THE INCOME TAX STANDARD DEDUCTION.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-1041, Arizona Revised Statutes, is amended to  
3 read:

4 43-1041. Optional standard deduction

5 A. A taxpayer may elect to take a standard deduction as follows:

6 1. In the case of a single person or a married person filing  
7 separately, the standard deduction shall be four thousand fifty dollars,  
8 SUBJECT TO SUBSECTION G OF THIS SECTION.

9 2. In the case of a married couple filing a joint return or a single  
10 person who is a head of a household, the standard deduction shall be eight  
11 thousand one hundred dollars, SUBJECT TO SUBSECTION G OF THIS SECTION.

12 B. The standard deduction provided for in subsection A of this section  
13 shall be in lieu of all itemized deductions allowed by section 43-1042 which  
14 are to be subtracted from Arizona adjusted gross income in computing taxable  
15 income, but not in lieu of the personal exemption allowed by section 43-1043.

16 C. The standard deduction shall be allowed if the taxpayer so elects,  
17 and the department shall by rule prescribe the manner of signifying such  
18 election in the return.

19 D. In the case of a husband and wife, the standard deduction provided  
20 for in subsection A of this section shall not be allowed to either if the  
21 taxable income of one of the spouses is determined without regard to the  
22 standard deduction.

23 E. The standard deduction provided for by subsection A of this section  
24 shall not be allowed in the case of a taxable year of less than twelve months  
25 on account of a change in the accounting period.

26 F. Under rules adopted by the department, a change of an election to  
27 take, or not to take, the standard deduction for any taxable year may be made  
28 after the filing of the return for such year. If the spouse of the taxpayer  
29 filed a separate return for any taxable year corresponding, for the purposes  
30 of subsection D of this section, to the taxable year of the taxpayer, the  
31 change shall not be allowed unless, in accordance with such rules, both  
32 paragraphs 1 and 2 of this subsection apply:

33 1. The spouse makes a change of election with respect to the standard  
34 deduction for the taxable year covered in such separate return consistent  
35 with the change of election sought by the taxpayer.

36 2. The taxpayer and spouse consent in writing to the assessment,  
37 within such period as may be agreed upon with the department, of any  
38 deficiency, to the extent attributable to such change of election, even  
39 though at the time of the filing of such consent the assessment of such  
40 deficiency would otherwise be prevented by the operation of any law or rule  
41 of law.

42 G. FOR EACH TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1, THE  
43 DEPARTMENT SHALL ADJUST THE DOLLAR AMOUNTS PRESCRIBED BY SUBSECTION A,  
44 PARAGRAPHS 1 AND 2 OF THIS SECTION ACCORDING TO THE AVERAGE ANNUAL CHANGE IN  
45 THE METROPOLITAN PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES  
46 BUREAU OF LABOR STATISTICS.